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FM SECSTATE WASHDC  
TO RUEHJA/AMEMBASSY JAKARTA 0000  
RUEHGP/AMEMBASSY SINGAPORE 0000  
INFO RUEAIIA/CIA WASHINGTON DC 0000  
RUCPDOC/USDOC WASHINGTON DC 0000  
RUEKJCS/SECDEF WASHINGTON DC  
RHMCSSU/FBI WASHINGTON DC 0000  
RUEPINS/HQ BICE INTEL WASHINGTON DC

UNCLAS STATE 058133

SENSITIVE  
SIPDIS  
SINGAPORE FOR MATT EASTER  
ECON  
JAKARTA FOR PABLO VALDEZ  
ECON

E.O. 12958: N/A  
TAGS: ETTC KOMC SN ID  
SUBJECT: BLUE LANTERN LEVEL 3: PRE-LICENSE END-USE CHECK  
ON APPLICATION 050155869

REF: A. 06 SINGAPORE 3391  
    1B. 06 JAKARTA 13362  
    1C. BLUE LANTERN GUIDEBOOK 2006

11. (U) This is an Action Request. See paragraphs 2-5.

12. (U) The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests post's assistance in conducting a pre-license check on application 050155869 for the export of aircraft spare parts to Indonesia via Singapore. Post is requested to complete this Blue Lantern check within 30 days. Lack of response to a Blue Lantern check will affect pending and future applications involving parties to this license.

13. (SBU) Reason for request: several irregularities and questions raised by the application's supporting documentation. A Blue Lantern check conducted in fall 2006 (refs A and B) confirmed relationships among foreign consignees Master Logistics and PT Mandira Jaya Abadi and foreign end-user the Indonesian Air Force. However, that check also revealed several irregularities and a lack of knowledge about U.S. export control laws and regulations by the foreign parties. The documentation submitted in support of this application, which is for a significantly larger order of United States Munitions List (USML) items than in previous licenses, suggests that many of these problems and ignorance of legal requirements continues to exist. For example, it is unclear why Singaporean consignee Master Logistics is involved in this transaction if the Indonesian Air Force is purportedly ordering the parts directly from U.S. applicant Merex Inc.

14. (U) Posts should make appropriate inquiries with the companies and with appropriate host government authorities to determine the exact roles of the foreign consignees, to verify their bona fides, and to confirm the legitimacy of the proposed transaction. The following questions are provided as suggested guidance.

EMBASSY JAKARTA

For the Indonesian Air Force:

--Can you confirm an order for the type and quantity of items listed on this application? With whom was the order placed?

--What are the roles of Master Logistics Pte Ltd and PT Mandira Jaya Abadi in this proposed transaction?

--Are Master Logistics and PT Mandira Jaya Abadi official suppliers/contractors for the Indonesian Air Force? Does the Indonesian Air Force have any other contracts with the company?

--Do the subject aircraft parts have to be routed through Master Logistics in Singapore? If so, why?

For PT Mandira Jaya Abadi:

--What is the company's role in this proposed transaction? What is the company's relationship with PT Mandira Jaya Abadi and with the Indonesian Air Force?

--Does the company have supporting documentation, including a contract and/or purchase orders from the Indonesian Air Force, for this proposed transaction?

--Who will be ordering the parts from Merex Inc., PT Mandira Jaya Abadi, the Indonesian Air Force, or another entity?

--Will the company be handling or storing the items listed on the application? If so, does it have secure facilities and proper accounting and security procedures for handling these sensitive USML items?

--When was the company established and who are its principals?

--What is the nature of its business -- what types of items does it handle, does it serve as a broker?

--What types of organizations are among its typical customers and where are the customers located?

--Does the company understand the restrictions on United States Munitions List (USML) items, especially the prohibition against unauthorized re-transfers and re-exports?

EMBASSY SINGAPORE

For Master Logistics Pte Ltd:

--What is the company's role in this proposed transaction? What is the company's relationship with PT Mandira Jaya Abadi and with the Indonesian Air Force?

--Does the company have supporting documentation, including a contract and/or purchase orders from the Indonesian Air Force, for this proposed transaction?

--Will the company be handling or storing the items listed on the application? If so, does it have secure facilities and proper accounting and security procedures for handling these sensitive USML items?

--When was the company established and who are its principals?

--What is the nature of its business -- what types of items does it handle, does it serve as a broker?

--What types of organizations are among its typical customers and where are the customers located?

--Does the company understand the restrictions on United States Munitions List (USML) items, especially the prohibition against unauthorized re-transfers and re-exports?

¶5. (U) Department requests that Embassy Singapore conduct a site visit to the company/companies in order to provide Department with an assessment of its business operations and on-site security. If a site visit is not possible, please inform PM/DTCC case officer. Finally, post is asked to assess whether the company appears to be a reliable recipient of USML items. End action.

¶6. (SBU) For background, the following details of the license in question are provided:

QUANTITY/COMMODITY:

Lot Components and spares for the overhaul, repair and support of related parts, components accessories for the following aircraft/engines/helicopters: Beechcraft T-34, BAE Hawk 109, 209, Douglas TA-4, A4, Bell 204, 412 (PT6 Engine), Lockheed F-16, Northrop F-5 (J85 Engine), Rockwell OV-10 (PTE-331 Engine), Lockheed C-130 (T-46 Engine), CASA CN 235 (CT-7 Engine), Fokker F-27, Dehavilland DHC-5

License Value: USD 1,000,000.00

SELLER:

Merex Inc.  
853 Via Alondra  
Camarillo, CA 93012  
POC: Julie Williams, tel.: 805-446-2700, ext. 30

FOREIGN CONSIGNEE:

Master Logistics Pte Ltd  
QQ: PT Mandira Jaya Abadi  
Block 1811 Geylang Bahru  
#01-02 Kallang Distripark  
Singapore 339714  
Phone: (65) 63822806  
Fax: (65) 63821068

PT. Mandira Jaya Abadi  
Pusat:  
Jl. Letjen MT Haryono 501  
Semarang - 50241  
Indonesia  
Phone: 62-24-3519547  
Fax: 62-24-3542189  
E-mail: mjabadi@indosat.net.id  
Cabang:  
Jl. Tanjung Duren Barat V/44  
Jakarta - 11470  
Tel.: 62-21-5683815  
Fax: 62-21-5685794  
E-mail: mandirapt@cbn.net.id

FOREIGN END-USER:

Indonesian Air Force  
Dinas Aeronautika Mabes TNI-AU B2 Lt 5  
Cilangkap-Jakarta  
Indonesia

PURPOSE:

Components and spares for the overhaul, repair and support of related parts, components accessories for the following aircraft/engines/helicopters: Beechcraft T-34, BAE Hawk 109, 209, Douglas TA-4, A4, Bell 204, 412 (PT6 Engine), Lockheed F-16, Northrop F-5 (J85 Engine), Rockwell OV-10 (PTE-331 Engine), Lockheed C-130 (T-46 Engine), CASA CN 235 (CT-7 Engine), Fokker F-27, Dehavilland DHC-5

¶7. (U) Submitted in support of the license application were the following documents (PM/DTCC can fax documentation to post upon request):

--Nontransfer and Use Certificate (Form DSP-83), listing a total parts value of \$5 million, signed by Drs. Arismunandar, Director PT Mandira Jaya Abadi, and by Anggoro, Head of Procurement IAF, undated

--End User Statement / Letter of Intent number B/801/III/2009/DIPADAAU from Tentara Nasional Indonesia, Markas Besar Angkatan Udara, stating that the Indonesian Air Force intends to order from Merex Inc. an estimated \$1,250,000 per year over a four-year period and that the "intermediate consignee / shipment address" will be "Master

Logistics Pte Lte / QQ: PT. Mandira Jaya Abadi," signed by Anggoro, Air First Marshal, Chief of the Procurement Service for Vice Chief of Staff on behalf of the Chief of Staff of the Indonesian Air Force, dated 4 March 2009

--Letter of Intent from PT. Mandira Jaya Abadi, certifying that it is "an approved supplier for the Indonesian Air Force" and intends to purchase from Merex Inc. aircraft parts worth an estimated \$1,250,000 per year over a four-year period, signed by Drs. Arismunandar, Director, dated March 3, 2009

¶8. (U) Please slug reply for PM/DTCC - BLUE LANTERN COORDINATOR and include the words "Blue Lantern" and the case number in the subject line. POC is Judd Stitziel, PM/DTCC, Phone: 202-663-3455; email: StitzielJD@state.gov; SIPRNET: StitzielJD@state.sgov.gov. The Blue Lantern Guidebook (ref C) is available as a PDF file in the Bunche Library's Electronic Library collection on the DOS Intranet:  
[http://virtuallibrary.state.gov/BlueLanternGuidebook2006%2520 final .pdf](http://virtuallibrary.state.gov/BlueLanternGuidebook2006%2520 final.pdf)

¶9. (U) Department is grateful for post's assistance in this matter.  
CLINTON